

CONDENSED BALANCE SHEET

GEO. A. HORMEL & CO.

(DELAWARE CORPORATION)

AUSTIN, MINN.

October 27, 1928

2513

15

ASSETS	LIABILITIES
<b>CURRENT</b>	<b>CURRENT</b>
Cash on Hand, on Deposit, and in Transit ..... \$ 238,483.51	Notes Payable to Bank for money borrowed ..... \$ 350,000.00
Customers' Accounts Receivable..... 1,329,905.97	Accounts Payable ..... 220,264.89
Merchandise Inventory including Consignments and in Transit..... <u>2,477,629.64</u> \$4,046,100.12	Accrued Interest, Local Taxes, etc..... 106,654.20
	Accrued Dividends on Preferred Stock. 103,684.00
	Provision for Estimated Federal Income Tax ..... <u>185,000.00</u> \$ 965,603.00
<b>OTHER ASSETS</b>	<b>RESERVES</b>
Investments in Affiliated Companies...\$ 153,122.11	For Compensation Insurance ..... \$ 50,081.80
Other Securities ..... 165,650.00	For Branch House Managers Bonus.... 15,131.60 65,213.40
Sundry Real Estate..... 178,938.53	
Sundry Notes, Accounts, etc..... <u>48,461.39</u> 546,172.03	
<b>PERMANENT (At Cost Values)</b>	<b>CAPITAL</b>
Land ..... \$ 124,071.17	<b>PREFERRED (Authorized \$5,000,000.00)</b>
Buildings, Equipment, etc. \$3,566,706.83	6% Class A Cumulative—
Less: Allowance for Depreciation ..... <u>684,262.24</u> 2,882,444.50 3,006,515.76	Outstanding ..... \$1,455,400.00
	7% Class B Cumulative—
	Outstanding ..... 106,800.00 \$1,582,200.00
<b>DEFERRED</b>	<b>COMMON (Authorized 500,000 shares no par value)</b>
Prepaid Expenses ..... \$ 43,620.58	Outstanding 429,244 shares ..... 3,082,830.08
Supplies Inventory ..... <u>206,622.83</u> 250,243.41	<b>SURPLUS</b> ..... 2,173,193.75 6,818,223.83
	\$7,849,040.32

CONTINGENT: As reported on Customers' Drafts Discounted.....\$198,301.21

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WE HEREBY CERTIFY that we have examined the books of account pertaining to the Assets and Liabilities of GEO. A. HORMEL & COMPANY, AUSTIN MINNESOTA, at the close of business October 27, 1928 and that, in our opinion, Subject to the accuracy of inventory quantities established by the Management and to possible contingency on final determination of the Company's liability for taxes, the above Balance Sheet correctly reflects the financial position of the Company at the date named. The foregoing statement is after giving effect to transfer of Assets and Liabilities of the GEO. A. HORMEL & COMPANY of Minnesota to the GEO. A. HORMEL & COMPANY of Delaware done as of the close of business October 27, 1928.

December 6, 1928

Signed, ERNST & ERNST



GEO. A. **HORMEL** & CO.  
(DELAWARE)

AUSTIN, MINN.

Nov. 20, 1928.

SUMMARY OF REPORT MADE BY VICE PRESIDENT, JAY C. HORMEL TO THE STOCKHOLDERS AT THE REGULAR ANNUAL MEETING NOVEMBER 20, 1928.

INCOME ACCOUNT

GEO. A. HORMEL & CO., AUSTIN, MINN.

For the year ended October 27, 1928

GROSS SALES		\$36,598,508.27
Cost of Sales, Selling, Administrative and Other Expense (Including provision for local taxes to be paid in 1929—\$99,000)		34,877,454.69
Net Profit Before Federal Taxes, Depreciation and Interest Paid		1,721,053.68
Depreciation	\$175,009.20	
Interest Paid	88,817.46	
Federal Income Taxes	185,000.00	448,826.66
Net Earnings		1,272,227.02
Dividend on Preferred Stock		103,684.00
NET TO SURPLUS applicable to 429,244 shares of common stock outstanding		1,168,543.02
Net per share of common stock		2.722

The past year has been our biggest year as regards number of hogs killed and tonnage handled. The hogs killed numbered 1,051,326. The total amount of product sold was 226,048,773 lbs., and total sales were \$36,598,508.27.

In spite of the severe decline in hog prices and hog products during the last month in the year, the Company made a very creditable showing. The inventory figures used in making up our statement are based on the lower of cost or market. All slow or doubtful accounts were charged off. Adequate depreciation and obsolescence figures have been set up and the statement is a conservative figure on the Company's position.

Recent improvements in plant facilities, and others that are under construction will place the Company in position to take advantage of operating economies.

The personnel of the plant is in a very high state, and it is felt that the prospects for the coming year are excellent.

The Company has no funded debt and ample working capital, this item having increased in the past year \$830,980.37.

The ratio of current assets to current liabilities was 4.19 to 1.

The net profit per dollar of net sales was 3.65%.